

Message Text

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PAGE 01 OTTAWA 08219 122209Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-03 NSAE-00 OMB-01 PM-05 OES-07 SP-02 SS-15

STR-05 TRSE-00 ACDA-07 NSCE-00 INRE-00 USIE-00

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4721

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TAGS: ENRG, CA

SUBJECT: WEEKEND MEDIA REACTION TO JOINT ANNOUNCEMENT OF
PIPELINE DECISION.

REF: OTTAWA 8187

1. SUMMARY: PIPELINE ANNOUNCEMENT QUICKLY LOST GROUND IN
MEDIA COVERAGE OVER WEEKEND TO OTHER OVERRIDING CANADIAN
CONCERNS: THE ECONOMY AND NATIONAL UNITY. WHAT LIGHT
COVERAGE WAS GIVEN TO PIPELINE ISSUE WAS GENERALLY
FAVORABLE WITH CRITICAL COMMENT LIMITED TO TORONTO STAR
EDITORIAL AND ARTICLE. SOME PLAY WAS GIVEN TO POSSIBLE
LINKAGE OF GAS EXPORTS TO PIPELINE AGREEMENT. MEDIA
TREATMENT IMPLIES CONSENSUS THAT AGREEMENT IS A GOOD
ONE AND PIPELINE IS NO LONGER CONTROVERSIAL. END SUMMARY

2. MEDIA INTEREST IN JOINT ANNOUNCEMENT OF PIPELINE
DECISION DWINDLED RAPIDLY OVER WEEKEND. COVERAGE WAS
VERY LIGHT WITH PIPELINE RAPIDLY OVERTAKEN IN HEADLINES
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PAGE 02 OTTAWA 08219 122209Z

AND ELECTRONIC MEDIA PROGRAMMING BY ECONOMIC AND NATIONAL
UNITY ISSUES. DETAILED COVERAGE OF MACEACHEN'S FRIDAY
NEWS CONFERENCE BY JEFF CARRUTHERS, FOR INSTANCE, WAS
FEATURED ON LAST PAGE OF GLOBE AND MAIL BUSINESS SECTION.

3. TONE OF REPORTING AND EDITORIAL COMMENT WAS GENERALLY
POSITIVE. MONTREAL GAZETTE EDITORIAL ENTITLED "PIPELINE

LOOKING BETTER" SAID NEGOTIATIONS WERE "STUDY IN ALTERNATIVE WAYS OF SKINNING CATS" AND "CANADA, IF IT DID NOT GET WHAT IT ASKED FOR HAS GOT WHAT IT WANTED. THE U.S. HAS WHAT IT WANTED TOO--THE MOST ECONOMIC WAY OF BRINGING THE GAS SOUTH." THE OTTAWA CITIZEN CALLED AGREEMENT A "LOGICAL COMPROMISE." ONLY SOUR NOTE WAS PREDICTABLE CARPING BY REFLEXIVELY NATIONALIST TORONTO STAR WHOSE COLUMNIST RICHARD GWYN ATTACKED PIPELINE DECISION ON GROUNDS THAT (1) CANADA DIDN'T GET WHAT IT WANTED FROM NEGOTIATIONS (DAWSON BULGE AND DOLS 200 MILLION INDIRECT COST PAYMENT), AND (2) PIPELINE HAS HIGH OPPORTUNITY COSTS, I.E. CANADIAN INVESTMENT IN TRANSPORTING U.S. GAS TO U.S. CONSUMERS WOULD BE BETTER SPENT ON THIRD TAR SANDS PLANT OR POLAR GAS PIPELINE. GWYN CONCLUDED BY SAYING THAT PIPELINE DEAL WAS NO GOOD UNLESS CANADA WAS ALLOWED TO SWAP ITS PRESENT GAS EXPORTS FOR ALASKAN GAS. STAR EDITORIAL FOLLOWED SAME LINE.

4. COMMENT: TORONTO STAR ATTACK ON PIPELINE AGREEMENT IS A WEAK ONE. GWYN COMPLETELY OVERLOOKS ECONOMIC BENEFITS OUTLINED IN MACEACHEN PRESS CONFERENCE. MOREOVER, HIS OPPORTUNITY COST ARGUMENT IS BASED ON PROPOSED CANADIAN ENERGY PROJECTS WHOSE ULTIMATE ECONOMIC VIABILITY IS AT BEST QUESTIONABLE.

5. GAS EXPORT ISSUE WAS DISCUSSED IN SEPTEMBER 10 GLOBE LIMITED OFFICIAL USE

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PAGE 03 OTTAWA 08219 122209Z

AND MAIL REPORT DATELINED WASHINGTON QUOTING SECRETARY SCHLESINGER DURING FRIDAY PRESS BRIEFING: "HE EXPLAINED THAT THE ALBERTA GAS COULD BEGIN MOVING AS SOON AS THE SOUTHERN PARTS OF THE PIPELINE ARE FINISHED AND GAS FROM ALBERTA WILL BEGIN BEING DELIVERED TO THE SOUTHERN UNITED STATES IN 1982 OR EARLY 1983. AT THE MOMENT, THE CANADIANS REGARD THE EARLY VOLUME OF ALBERTA GAS AS 'A TIME SWAP' TO BE REPLACED LATER WITH ALASKA GAS, HE SAID, BUT THE CANADIAN GOVERNMENT WILL REASSESS CANADA'S GAS SUPPLIES AND PERHAPS AUTHORIZE MORE EXPORTS." QUOTED IN CANADIAN PRESS ITEM LATE FRIDAY, ALBERTA ENERGY MINISTER DON GETTY SAID ALBERTA WOULD WELCOME A PROPOSAL FROM U.S. FOR A GAS SWAP AS RESULT OF U.S.-CANADA AGREEMENT TO BUILD ALASKA HIGHWAY GAS PIPELINE. COMMENTING ON SECRETARY SCHLESINGER'S REMARKS, GETTY SAID ALBERTA HAS NOT YET RECEIVED A FORMAL PROPOSAL FOR GAS SWAP. HOWEVER, THE SWAP "IS THAT KIND OF SERVICE DELIVERABILITY WE COULD PRESUMABLY SUPPLY, BUT IT WASN'T PART OF THE PIPELINE DEAL." DUEMLING

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